

**EXECUTIVE SECRETARIAT****ROUTING SLIP**

TO:		ACTION	INFO	DATE	INITIAL
1	DCI		X		
2	DDCI		X		
3	EXDIR		X		
4	D/ICS				
5	DDI				
6	DDA				
7	DDO		X		
8	DDS&T				
9	DDA/NIC/VO		X		
10	GC				
11	IG				
12	Compt				
13	D/Pers				
14	D/OLL				
15	D/PAO				
16	SA/IA				
17	AO/DCI				
18	C/IPD/OIS				
19	NIO /ECON	X			
20	NIO/IA		X		
21	D/OGI		X		
22	C/IA/DO		X		
SUSPENSE		Date			

Remarks 23. D/ALA/DI X

To 19: Prebrief with DCI is 0900 Friday, 24 May.  
 Please provide material by COB Thursday, 23 May.

Executive Secretary

22 May 85

Date

3637 (10-81)

25X1

VIA LDX  
SYSTEM II  
90532

Executive Registry

85- 991/1

**SECRET**NATIONAL SECURITY COUNCIL  
WASHINGTON, D.C. 20506

## MEMORANDUM FOR:

MR. DONALD P. GREGG  
Assistant to the Vice President  
for National Security AffairsMS. LINDA AREY  
Director, Executive Secretariat  
Department of TransportationMR. NICHOLAS PLATT  
Executive Secretary  
Department of StateMR. WILLIAM VITALE  
Executive Secretary  
Department of EnergyMR. EDWARD J. STUCKY  
Acting Executive Secretary  
Department of the TreasuryMRS. KAREN CRAYTON  
Acting Executive Secretary  
Department of EducationCOLONEL R. J. AFFOURTIT  
Executive Secretary  
Department of DefenseDR. ALTON KEEL  
Associate Director  
for National Security and  
International Affairs  
Office of Management & BudgetMR. STEPHEN GALEBACH  
Senior Special Assistant  
to the Attorney General  
Department of JusticeExecutive Secretary  
Central Intelligence AgencyMR. STEPHEN GLEASON  
Director  
Executive Secretariat  
Department of the InteriorAMBASSADOR ALAN GERSON  
Washington Representative to  
the U.S. Representative to  
the United NationsMR. RANDY RUSSELL  
Executive Assistant  
to the Secretary  
Department of AgricultureBG GEORGE JOULWAN  
Executive Assistant  
to the Chairman  
Joint Chiefs of StaffMS. HELEN HOBBS  
Executive Assistant  
to the Secretary  
Department of CommerceMR. MALCOLM BUTLER  
Executive Secretary  
Agency for International  
DevelopmentMR. ROBERT SEARBY  
Deputy Under Secretary  
for International Affairs  
Department of LaborMR. C. WILLIAM LaSALLE  
Chief of the Executive  
Secretariat  
U.S. Information AgencyMISS MARY FRANCES LOWE  
Executive Secretary  
Department of Health  
and Human ServicesSUBJECT: National Security Council Meeting  
May 24, 1985 (U)A National Security Council meeting will be held at 11:00 a.m. on  
Friday, May 24, 1985 to review the results of National Security  
Study Directive 2-85 on Central American Economic Development. (S)**SECRET**

ON-FILE NSC RELEASE INSTRUCTIONS APPLY

DCI  
EXEC  
REGB-223  
XFL-118  
NSSD2-85

**SECRET**

2

Attached is a draft agenda for the meeting. Also attached is a one-page summary of the report.

25X1

Because we wish to engage a broad representation of the Cabinet, participation is limited to principals only due to space limitation. Please provide the name of your participant to Carol Cleveland, 295-3044.

25X1

*Robert M. Kimmitt*  
Robert M. Kimmitt  
Executive Secretary

**Attachments**

Tab A      Draft Agenda  
Tab B      Summary of Report

**SECRET**

Tab A i

**SECRET**

**ECONOMIC DEVELOPMENT FOR CENTRAL AMERICA**  
**National Security Council Meeting**  
**11:00 - 11:45 a.m.**  
**Friday, May 24, 1985**  
**Cabinet Room**

---

- |  |  |
|--|--|
| <b>I. Introduction and presentation of the findings of NSSD-2-85 on Central American Economic Development (12 minutes)</b> | <b>- Robert C. McFarlane and NSC Staff</b> |
| <b>II. Economic and Political Overview (5 minutes)</b>   | <b>- Secretary Shultz</b>                  |
| <b>III. Economic Assistance -- Problems and Progress to date (5 minutes)</b>   | <b>- Peter McPherson</b>                   |
| <b>IV. Economic Reform and Assistance Levels (3 minutes)</b>   | <b>- Secretary Baker</b>                   |
| <b>V. Discussion (20 minutes)</b>  | <b>- Principals</b>                        |

**SECRET**

**Declassify: OADR**

Tab B

Summary and Conclusions

1. Good progress is being made in implementing the Central American Initiative recommended by the Kissinger Commission a year ago. The principal objectives we seek through economic assistance -- rapid growth through exports and private investment -- are still appropriate. 25X1
2. Central America is in the initial stages of an economic recovery, fueled by the increased U.S. economic assistance, an improving political climate, better policies, and world economic recovery. 25X1
3. Because progress toward regional peace has been less than hoped for, the region is still unlikely to achieve the economic goals set by the Commission. The region holds little interest for foreign investors, and even Central American entrepreneurs are hesitant to invest. Consequently, per capita incomes in Central America are unlikely to even return to the pre-crisis level by 1990. 25X1
4. We reaffirm the need for the \$8.4 billion five-year assistance package recommended by the Bipartisan Commission a year ago. The trade credit guarantee program should be extended until the security situation has improved sufficiently to restore private credits. Up to now, we have received most of what we requested, but increased efforts may be needed in the future to assure adequate funding. 25X1
5. The United States is shouldering the great bulk of the assistance burden in Central America, followed by the multilateral banks. Very little assistance has been forthcoming from Europe or Japan. We will want to monitor the contributions of other donors carefully. 25X1
6. Economic stabilization assisted by the IMF is important to Central American governments; it generates additional amounts and sources of financial flows, and it promotes more efficient resource use. 25X1
7. The security situation remains threatening, increasing the difficulties of implementing our economic assistance program. Governments are reluctant to adopt unpopular measures in an unstable political environment. Yet improved economic policies -- which usually have some short-term political costs -- are, in addition to political stability, the key to the effectiveness of our aid and to rapid economic growth. 25X1
8. This dilemma of tradeoffs between our economic and strategic objectives will continue to pose difficult choices for U.S. policymakers. Close coordination among U.S. Government agencies will be important in properly balancing these objectives to achieve an optimal mix. This is likely to require increased policy-level discussion. 25X1

SECRET  
OADR

RECEIVED

85 MAY 22 AIR 113

JFK AIR ROOM

## WASHFAX RECEIPT

THE WHITE HOUSE

C

MAY 22 11 42 AM '65

A

MESSAGE NO. 197 CLASSIFICATION **SECRET** PAGES 6FROM ROBERT KIMMITT 456-2224 GEL/WW  
(NAME) (EXTENSION) (ROOM NUMBER)MESSAGE DESCRIPTION Nat'l Security Council Mtg  
NSC LOG # 90532

TO (AGENCY)	DELIVER TO:	DEPT/ROOM NO.	EXTENSION
<del>B</del> A	[Redacted]	CIA	25X1
B	Nicholas Platt	State	
B	William LaSalle	USIA	
B	Malcolm Butler	AID	
B	Amb Alan Gerson <del>Gerson</del>	USUN Wash Rep	
D	Col R.J. Affourtit	DOD	
D	BG George Jouhwan	JCS	
REMARKS	I William Vitale	DOE	
	K-1 Edward Stucky	DOT	
	L Helen Robbins	DOC	